

DATE: May 29, 2001

TO: Applicants

FROM: Office of Procurement and Grants Management ("OPGM")

SUBJECT: Program Announcement No. PRIME 01-2, Program for Investment in Microenterprise Act, ("PRIME") to Provide Microenterprise Development Organizations ("MDOs") Capacity Building Services.

The U.S. Small Business Administration plans to issue Federal grant awards to qualified organizations under PRIME to provide capacity building services to microenterprise development organizations and organizations interested in becoming microenterprise development organizations. These organizations include: non-profit microenterprise development organizations or programs; intermediaries (as defined); other microenterprise development organizations or programs (as defined) that are accountable to a local community, working in conjunction with a State or local government or Indian tribe; or Indian tribes acting on their own, with proper certification that no other qualified organization exists within their jurisdiction.

You are invited to submit an application, an original and two (2) copies, in response to Program Announcement No. PRIME 01-2. You are required to bind the cost proposal and technical proposal separately. Prepare the technical and cost proposals in single-spaced, 12-pt. font format. The technical proposal must not exceed 45 pages, excluding exhibits and appendices. The Government will not return proposals, but will retain them for a limited period of time.

The closing date for the program announcement is June 28, 2001, 4:00 P.M., Eastern Standard Time. Address your applications/proposal to the U.S. Small Business Administration, Office of Procurement and Grants Management (OPGM), 409 3rd Street, SW, 5th Floor, Washington, DC 20416, Attention: Mina Bookhard, Agreement Officer. If hand carried, deliver the application/proposal to Mina Bookhard, or her designee, at the above address. Deliveries to other locations will be considered late if not received in OPGM at the U.S. Small Business Administration by 4:00 p.m. on June 28, 2001.

Please place the following notation in the lower left corner of the sealed envelope or package:

THIS IS A SEALED OFFER. DO NOT OPEN. STAMP THE DATE AND TIME RECEIVED ON THE ENVELOPE. THE ENCLOSED APPLICATION IS IN RESPONSE TO PROGRAM ANNOUNCEMENT NUMBER **PRIME 01-2**, DUE June 28, 2001 AT 4:00 P.M., EASTERN STANDARD TIME, AT SBA's OFFICE OF PROCUREMENT & GRANTS MANAGEMENT.

Applicants will be required to meet the standards for financial management systems as prescribed in the Office of Management and Budget's (OMB) Circular A-110, Subpart C, sections .21 through .28, and 13 C.F.R. Part 143.

Questions concerning this program announcement should be directed to Warren Boyd at (202) 205-7534. Questions about budget or funding matters should be directed to Mina Bookhard, at (202) 205-7080.

Sincerely,

Sharon Gurley
Director
Office of Procurement
and Grants Management

OFFICE OF FINANCIAL ASSISTANCE

PROGRAM ANNOUNCEMENT

PROGRAM FOR INVESTMENT IN MICROENTREPRENEURS

ACT, ("PRIME")

TO PROVIDE CAPACITY BUILDING SERVICES TO NEW, EMERGING, AND

EXISTING MICROENTERPRISE DEVELOPMENT ORGANIZATIONS

FISCAL YEAR 2001

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF FINANCIAL ASSISTANCE

OPENING DATE: May 29, 2001

CLOSING DATE: June 28, 2001

ANNOUNCEMENT NO: **PRIME 01-2**

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I. LEGISLATION PURPOSE

The Program for Investment in Microentrepreneurs Act of 1999 (P.L. 106-102) became law on November 12, 1999. 15 U.S.C. § 6901 et seq. (“PRIME” or “the Act”). The Act authorizes the Administrator of the U.S. Small Business Administration (“SBA”) to establish a microenterprise training and technical assistance program for disadvantaged microentrepreneurs and to provide training and capacity building grant program to microenterprise development organizations (“MDOs”). Additionally, the Act authorizes research and development of best practices for microenterprise development and technical assistance programs for disadvantaged entrepreneurs and other activities as the Administrator of SBA determines are consistent with the Act.

PRIME has several purposes for which SBA will issue separate program announcements soliciting applications geared toward a particular legislative purpose. Program Announcements called for under the Act solicit, from eligible organizations, applications for grant funding to be used to carry out the purposes of the Act as follows:

Program Announcement No. PRIME 01-1 calls for applications from qualified organizations wishing to obtain grant funding for the purpose of providing training and technical assistance programs for disadvantaged microentrepreneurs.

Program Announcement No. PRIME 01-2 calls for applications from qualified organizations wishing to obtain grant funding for the purpose of providing training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist them in developing microenterprise training and services.

Program Announcement No. PRIME 01-3 calls for applications from qualified organizations wishing to obtain grant funding for the purpose of pursuing research and developing best practices in the field of microenterprise and technical assistance programs for disadvantaged microentrepreneurs.

PRIME 01-2 solicits proposals from qualified organizations wishing to obtain grant funding for the purpose of providing Training and Capacity Building. These PRIME grants will enable MDOs to improve, expand, and/or enhance the number of MDOs providing training and technical assistance programs for disadvantaged microentrepreneurs.

SBA will use 15 percent of available PRIME funds for grants that provide Training and Capacity Building services. Grants awarded under this program announcement will be for a minimum of **\$37,500** with no one grant exceeding \$250,000 or 10% of the total appropriated, whichever is less.

II. INTRODUCTION

Congress recognized that many disadvantaged microentrepreneurs lack sufficient training and education to gain access to capital to establish and expand their own small businesses. It enacted PRIME to augment training and technical assistance under the Small Business Act and other legislation. PRIME grants to qualified MDOs will help meet more training and technical assistance needs for disadvantaged microentrepreneurs, thereby encouraging entrepreneurship and community development.

Many low-income and very low-income entrepreneurs need training and technical assistance to start, operate, or expand their businesses. In order to achieve measurable success in the effort to providing direct training and technical assistance to low- and very low-income individuals, another goal of the PRIME Act is to expand and build the capacity of microenterprise development organizations (“MDOs”) to provide training and technical assistance to the microentrepreneur.

For every business started or microloan made, a number of entrepreneurs are preparing themselves for a business start. A generally accepted assumption in the microenterprise industry is that it takes approximately 10 microentrepreneurs for every microenterprise started or booked. The cost of training is substantial because those at the entry-level stage of development typically require the greatest amount of dedicated advice and guidance, over an extended period of time, to achieve the highest rates of success.

Funding is scarce relative to the need. The microenterprise industry has found the technical assistance-funding gap to be a nationwide condition, particularly in the very low-income sector.

The Program for Investment in Microentrepreneurs (“PRIME”) authorizes SBA to make grants to “qualified organizations” to fund capacity building services to MDOs. The SBA will also make grants to provide training and technical assistance to low- and very low-income individuals, fund research and development of “best practices” in microenterprise development and technical assistance programs, and to fund other undertakings consistent with these purposes. The program requires that grantees match a portion of the SBA’s funds with funds from other sources.

The PRIME grant program should be viewed as a system of tiers. Primary MDOs (“PMDOs”) are those principally involved in the provision of financial and/or technical assistance services to individual clients, entrepreneurs, and microbusiness owners. Secondary MDOs (“SMDOs”) are those primarily involved in the training and capacity building of PMDOs through professional development, organizational development, and/or coordination of funds and services within a specific geographic area. While there may be instances where PMDO and SMDO activity types overlap, the distinction between the two types of organizations lies in the major focus of their respective activity. Training and Capacity Building may be viewed as separate and distinct activities, or may be presented as a single, integrated package of services. Training is best described as a classroom or course of study approach and will generally involve coursework, seminars, and other types of professional development activities designed to address a larger audience. Capacity Building, which may include a training aspect, will involve

organizational development, site visits, individualized strategic planning, and goal-setting specifically designed to assist a single MDO (but ideally transferable to other MDOs). Capacity Building may also include, as indicated above, the coordination of activities, funds, and information for MDO networks or geographically related groups.

Organizations applying for funding under this Program Announcement, PRIME-01-2, should remain cognizant of the information provided above as they plan and apply for funding.

III. PROGRAM OVERVIEW

1. Project Name: Program for Investment in Microentrepreneurs (“PRIME”).
2. Purpose: Provide Training and Capacity Building Services to MDOs, and organizations in the process of becoming MDOs, to enhance their ability to provide training and technical assistance to low, very low-income, and otherwise disadvantaged entrepreneurs.
3. Federal Catalog Number: 59.049.
4. Authority: The Program for Investment in Microentrepreneurs Act of 1999, “PRIME”, P.L.106-102, 15 U.S.C. §6901 et seq.
5. Funding Instrument: Grant.
6. Funding: Funding is subject to availability and the requirements enumerated under the Act.
7. Funding Range: Target award amounts will be a minimum of **\$37,500**. Award amounts may vary, depending upon availability of funds (and performance for option years); however, no single **grantee** may receive more than \$250,000 or 10 percent of the total funds made available for this program in a single fiscal year, whichever is less. In general, match is required, although SBA may reduce or eliminate the required match in certain circumstances (up to a program limit of 10 percent).
8. Number of Awards: SBA anticipates issuing multiple awards under this Announcement. The number may vary, based on the pool of qualified applicants and the amount of available funds. At least 15% of the funds available for grants under PRIME must be awarded under this Program Announcement.
9. Targeted assistance: A minimum of 50% of the funds available for grants under the PRIME Act must be used to benefit very low-income persons (as defined in this document), including those residing on Indian reservations.
10. Closing Time and Date for the Submission of Applications: June 28, 2001 at 4:00 P.M. Eastern Daylight Time.

11. Project Starting Date: _September 1, 2001 (estimated).

12. Project Duration: The period performance for this grant is one base year with 4 twelve-month options subject to availability of funds the total possible period of performance is 5 years. Each option year will constitute a separate budget period. The project recipient's satisfactory performance will be one of the key factors in determining the award of an option year. Failure to secure the required annual non-Federal contribution during any project year may jeopardize continued option year funding.

13. Proposal Evaluation: Applications will first be screened to determine if the applicant meets certain mandatory eligibility requirements. Applicants that do not document in their application that they meet these requirements will not be evaluated by SBA for participation in the PRIME Program. In addition, applications that are incomplete, illegible, or unreadable, in whole or in part, will be deemed incomplete and will not be evaluated.

Eligible proposals will be scored by an Objective Review Committee ("ORC") based on evaluation criteria stated in this program announcement. The ORC will consist of SBA officials and may include Federal Officials from other agencies. Microenterprise Development Branch staff will review the ORC evaluations, the ORC's summary report on each applicant, and the applicant's proposals to determine the final scoring of award recipients. SBA may ask applicants for clarification on the technical and cost aspects of the proposals. Such clarifications must not be construed as a commitment to fund the proposed effort.

14. Points of Contact: Questions concerning the technical aspects of this Program Announcement should be directed to the Microenterprise Development Branch at (202) 205-7534. However, due to the competitive process, SBA will be unable to assist with answers to specific questions regarding individual proposals or requests for assistance in completing proposals.

Questions concerning budget or funding of this Grant should be directed to Mina Bookhard at (202) 205-7080.

15. Award Notification: All applicants will receive a written notification relative to selection of award recipients. This written notice will be SBA's final response to this Program Announcement. **SBA will not provide debriefing sessions if your proposal was not successful.**

16. Cancellation: SBA reserves the right to cancel this Program Announcement in whole or in part at the Agency's discretion.

IV. ELIGIBLE APPLICANTS FOR THIS GRANT

An organization will be considered eligible for funding for the purpose of providing training and capacity building services to MDOs, or organizations in the process of becoming MDOs, if it is:

1. A microenterprise development organization or program (or group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs, OR
2. An intermediary (as defined in this document) which has experience in delivering technical assistance to disadvantaged entrepreneurs, OR
3. A microenterprise development organization or program (as defined in this document) that is accountable to a local community, working in conjunction with a State or local government or Indian tribe, OR
4. An Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.

An eligible applicant for a PRIME capacity building grant must provide documentation in its application demonstrating that it falls within one of the above categories of qualified organizations. Such documentation should include but is not limited to:

1. A copy of your organization's IRS tax-exempt certificate including the IRS code under which your organization is considered non-profit;
2. Certification by your Secretary of State that your organization is legally allowed to do business in the State and a copy of your organization's articles of incorporation and by-laws;
3. For category 4 in the preceding paragraph, written certification from a duly authorized person that no other qualified organization (i.e. private organization or program as defined in categories 1-3 above) exists within its jurisdiction; and
4. Financial statements for the past 3 years. If your organization has been in business for less than 3 years provide your year end financial statements for those years completed and a financial statement not less than 90 days old.

SBA will not evaluate applications that do not meet these requirements. SBA may not screen applicants for eligibility until after the Closing Date for application acceptance. SBA will attempt to notify applicants of ineligible proposals as soon as practicable. However, SBA is under no obligation to notify ineligible applicants before the Closing Date. SBA strongly urges all applicants to ensure all eligibility requirements are met and documented before sending an application to SBA.

V. INELIGIBLE APPLICANTS FOR THIS GRANT

Regardless of the satisfactory submission of information called for in Paragraph IV, above, the following applicants will automatically be considered ineligible and their applications will not be evaluated:

1. Any organization with an unresolved audit by any Federal agency.
2. Any organization suspended, debarred, or otherwise excluded from any

- Federal agency procurement or non-procurement programs.
3. Any organization which has defaulted on an obligation to the United States.

VI. GENERAL INFORMATION

1. Definitions

Throughout this Program Announcement specific terminology may be used, as defined in the Act and the accompanying **final rule** (13 CFR part 119). The definitions are contained in a glossary of terms located at the end of this document in Section XV.

2. Collaborative Applications

- a. If you participate in a collaborative (as defined in this document), all entities who are party to the collaborative must separately meet the statutory and eligibility requirements in order to apply as a collaborative.
- b. Applications from collaboratives must name the primary liaison with the Federal government and include a copy of the collaborative agreement outlining responsibilities of each partner organization. An authorized representative from each organization must sign the agreement. The primary liaison will be responsible for coordinating reporting and requests for funding.

3. Program Income

All program income as defined in OMB Circular A-110, and OMB A-122 must be reported on financial reports submitted to SBA and added to funds committed to the project by SBA and recipient organizations. Program income may only be used to further eligible program objectives **or must be returned to the Federal Government**.

4. Cost Principles

- a. General: All costs approved for a successful applicant must meet the tests of necessity, reasonableness, allowability and allocability in accordance with the cost principles applicable to this award. All proposed costs are subject to pre-award audit. Grantees are responsible to ensure proper management and financial accountability of Federal funds to preclude future cost disallowances. Payment will be made by reimbursement or advance payments as described in the grant award document and applicable OMB Circulars.
- b. Carryover Policy: The grantee may request approval to use unexpended funds in the next budget period. This is permissible if funds are to be used for a non-severable, non-recurring project or activity within the scope of the PRIME program. Non-severable means a project in its entirety that cannot be subdivided. The request for using unexpended funds in the next budget period must include the following:

- (1) SF 424, budget pages, and justification;
- (2) Explanation of why the funds were not expended during the period in which they were awarded; and
- (3) Evidence of match. The match requirement for funds carried over to the next budget period can be met by using any excess of matching funds from the current budget period, new matching funds, or a combination of both.

The request must be made no later than 60 days before the end of the budget/project period or the de-obligation process will begin. Approved requests will require the issuance of a revised Notice of Award. Expenditures for funds carried over to the next budget period must be tracked separately.

c. Extensions: In the final year of a project, grantees may apply to extend the expiration date of a grant if additional time beyond the established expiration date is required to assure adequate completion of the original scope of work within the funds already made available. For this purpose, the grantee may make an extension request for a one-time, no-cost extension, not to exceed 12 months, prior to the established expiration date. Written notification of such an extension, with the supporting reasons, must be received by the SBA Grant Officer at least 60 days prior to the expiration of the award. SBA reserves the right to disapprove the extension if the requirements set forth in OMB Circular A-110, paragraph 25(e)(2) are not met or if the extension is not in the best interests of SBA.

5. Publications/Websites

Any publications or websites developed under this grant must be submitted to SBA for prior review and approval. SBA will have an unlimited license to use data and written materials generated under this grant award, whether or not the materials are copyrighted. Any publications resulting from this project must include the following acknowledgement of support, whether copyrighted or not, in legible, easily readable print:

“This grant is partially funded by the U.S. Small Business Administration. SBA’s funding is not an endorsement of any products, opinions, or services. All SBA funded programs are extended to the public on a nondiscriminatory basis.”

The grant recipient may not use the U. S. Small Business Administration name or logo for the endorsement of any services, products, or merchandise under this award.

The SBA logo may appear on prominent webpages of Internet sites that are related to this project, but must appear with the above disclaimer in legible, easily readable print and acknowledgement of support in close physical proximity (within 2 inches) next to it.

6. Reports

a. General Reporting:

The selected grantees will be required to submit the reports as outlined below. Participants must agree to cooperate with SBA in the collection and retention of data required by this agency. Your ability to meet reporting requirements must be addressed in the Technical Proposal.

Payments may be withheld if reports are not submitted within the required time frame or if the quality of reports is considered inadequate.

b. Performance Reports:

Quarterly performance reports, unless otherwise specified, must contain a summary of activity for the reporting period using the following format:

1. A comparison of actual accomplishments to the estimated milestones established in the proposal and/or subsequent grant agreement.
2. A discussion of accomplished milestones and reasons for slippage in those cases where milestones are not met. Where milestones were not met, a plan of action must be provided to overcome these slippages or a detailed statement of how the program will better serve MDOs, and organizations in the process of becoming MDOs, if the milestones are revised.
3. Evidence of the amount of funding expended to the benefit of very low-income program clients.
4. Information relating to actual financial expenditures of budgeted cost categories versus the estimated budget award, including an explanation of all cost overruns, if any, by budgeted cost category. Financial data furnished in this report is from a manager's standpoint and is in addition to that furnished in the financial reports cited below.
5. Other pertinent information, including any significant accomplishments or milestones of special significance that have been met.
6. Because SBA is interested in the actual outcome of capacity building services provided under the PRIME Program, Client MDO Progress Reports will be required as part of the quarterly performance reports. As such, grantees will be required to compile, maintain, and submit data regarding each client as follows:

A. At the start of the training relationship:

- Client identification information (location, urban, rural, tribal)
- Level of operating budget
- Total number of employees, excluding volunteers,
- Average number of employee hours used to provide training and technical assistance to disadvantaged entrepreneurs
- Average number of volunteer hours used per month for same purpose
- Number of clients served during each of two years prior to the start of the relationship and an indication of the number and percent of those clients that were low- or very low-income individuals
- The goal of the capacity building project or activity

B. Follow-up:

- Changes in the operating budget of the client

- Changes in human resource utilization patterns (employees and volunteers)
- Changes in the numbers and percentages of end-user client service data as called for above
- Status of training in terms of the stated goal.

Follow-up data should be collected on client MDOs on the six, twelve, and eighteen-month anniversary of the beginning of the capacity building relationship. It is understood that new goals may be stated at the beginning of a new project or specific activity. This understanding is to be built into the grantee's reporting structure.

Quarterly reports will be due no later than:

- a) January 15 for the period ending December 31;
- b) April 15 for the period ending March 31;
- c) July 15 for the period ending June 30; and
- d) October 15 for the period ending September 30.

c. Financial Reports

1. Financial Status Report Forms must be submitted every quarter with the performance reports. Reports must include the SF 269, Financial Status Report, and the SF 272, Federal Cash Transactions Report.
2. The year-end report must include a cost breakdown of actual expenditures and costs incurred by line item. Participants will also be required to submit the SBA Form 2069, Detailed Actual Expenditures for Period Covered by Request, with the final Standard Form 269.
3. In addition, grantees will be required to submit audited annual financial statements, if available, or annual financial statements prepared by a licensed, independent public accountant, within 120 days of the end of the grantee's fiscal year period.

SBA may withhold payment of advances or reimbursements if reports are not received or are regarded as inadequate.

SBA may, at its discretion, reduce any reporting requirements to semi-annually as it deems appropriate. SBA will notify participants if it decides to take such action.

7. Match Requirements

In general, funds awarded under the PRIME Program will require a non-Federal match of not less than 50% of each dollar awarded. Matching funds may come from fees, non-Federal grants, gifts, funds from loan sources, and in-kind resources. After the initial grant, grant awards for the following option years will be made **in amounts no greater than 67% of the initial grant amount.**

Exception: In the case of an applicant with severe constraints on available sources of matching funds, SBA may reduce or eliminate the 50% match requirement on a case by case basis. Any reductions or eliminations must not exceed 10% of the aggregate of all

PRIME grant funds made available by SBA in any fiscal year. Organizations seeking to receive a reduction or elimination of the matching fund requirement must include such a request with their proposal, and include justification and supporting documentation for their request. **The request must include, but is not limited to:**

- **The cause and extent of the constraints on the historical and projected ability to raise matching funds as demonstrated by financial statements and letters of rejection from previous funders and potential new funding sources;**
- **Evidence of efforts to raise match specific to the subject application, including negative responses, and**
- **Based on those efforts, a list of any matching funds expected for the PRIME grant.**

Submission of a request will not automatically guarantee that an exception, in whole or in part, will be granted. Rather, it will alert SBA to the applicant's desire to receive an exception. In addition, section 119.8 of the rule governing this program provides further information regarding requests for waivers. Pursuant to that section, any applicant requesting a waiver is implying that, but for the waiver, the proposed programming will not be possible at the levels requested.

8. Fundraising Not Allowable Expense

Expenditures for fundraising activities are not allowable costs under this grant. Applicants must be able to raise matching funds without the assistance of grant funds. The applicant must demonstrate that it has adequate fundraising resources to obtain required non-Federal matching funds to perform the project.

9. Subgrants

An organization selected to receive a grant under the PRIME Program may provide sub-grants to qualified small MDOs solely for the purpose of having them assist with Training and Capacity Building services to other MDOs. Applicants wishing to provide sub-grants as a part of their implementation plan should include detailed information regarding same in their Technical Proposal.

An applicant that wants to make subgrants using PRIME grant funds must receive written approval from SBA prior to making subgrants. The applicant must identify the subgrantee(s) and describe in detail what the subgrantee(s) will do to help the grantee implement its proposal. An applicant must submit information to SBA demonstrating that, through the subgrantee(s), the grantee's program will:

- (1) provide expanded services to the community,
- (2) provide a method by which one or more previously unserved communities will gain access to the program, or
- (3) provide other specific benefits to the clients, such as specialized training, expanded schedules of operation, or other benefits.

If an applicant has identified potential subgrantee(s) at the time it submits an application for a PRIME grant, the applicant must include the information requested in the paragraph above in the application. Otherwise, the applicant or grantee may submit the requested information at such time that approvals for subgrantee(s) are requested.

The total amount of money subgranted by the grantee must not exceed 50% of the amount of the PRIME grant. A maximum of 7.5% of the funds awarded may be used by the grantee for administrative expenses in connection with the making of subgrants.

10. Subcontracts

Any and all subcontracts awarded under this grant must be approved by SBA in advance in writing and must not exceed 50% of the amount of the PRIME grant.

11. Diversity

In making grants under the Act, SBA will ensure that grant recipients include both large and small microenterprise organizations, serving diverse populations including urban, rural and Indian tribal communities.

12. Prohibition on Preferential Consideration of Certain SBA Program Participants

In making grants under this Program Announcement, SBA will not give preferential consideration to an applicant that is a participant in the program established under section 7(m) of the Small Business Act.

VII. OMB UNIFORM ADMINISTRATIVE REQUIREMENTS AND COST PRINCIPLES

The PRIME Grant Notice of Award incorporates by reference all applicable OMB Circulars, including:

1. OMB Circular A-21, "Cost Principles for Educational Institutions," containing cost principles for educational institutions;
2. OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments," containing cost principles for State, local governments, and federally recognized Indian tribal governments.
3. OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," containing administrative requirements;
4. OMB Circular A-122, "Cost Principles for Non-Profit Organizations," containing cost principles for non-profits; and
5. OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," concerning audits.

Current versions of OMB Circulars are available from the Office of Management and Budget's website. The address is:
www.whitehouse.gov/WH/EOP/OMB/html/circular.html.

VIII. PROPOSAL INSTRUCTIONS AND EVALUATION CRITERIA

The technical and cost proposals must be bound separately. The technical proposal must be single-spaced and not exceed 45 pages, excluding exhibits and appendices. Prepare your proposal using the following outline.

1. APPLICATION FORMAT

A. Technical Proposal

Section 1. Eligibility Requirements (not to exceed 5 pages, excluding documentation)

In this section the applicant must prove that it falls within one of the four categories of qualified organizations. (See Section IV)

Applicants are reminded to include documentation of the mandatory eligibility requirements in their technical narrative. Failure to provide the mandatory eligibility documentation will result in disqualification of the application, and the application will not be evaluated. In addition, incomplete or illegible (in whole or in part) applications will not be evaluated.

Section 2. Applicant Experience (not to exceed 15 pages)

Applicant experience includes information regarding current and past performance in providing training and capacity building services to new and existing MDOs.

In this section, the applicant should discuss the items delineated below. To the extent possible, the applicant should provide internal statistical data to document its past experience and illustrate current activities.

1. An understanding of the microentrepreneur and MDO communities and the needs of disadvantaged entrepreneurs.
2. The applicant's existing and historical capacity building services to MDOs. This discussion should include a detailed description of the programmatic information as to the activities and services offered to MDOs with specific descriptions of the extent to which such services have improved the operations of client MDOs and assisted MDOs in reaching low- and very low-income individuals.
3. Provide a list of grants and or contracts similar in scope to the grant for which you are applying. Specifically provide the name of, if any, any Federal, or non-Federal, agency(ies) or private sector foundations or organizations providing funding, the grant or

contract number, a short summary of services provided under each grant, and the period(s) of performance. Include in each summary the name and contact information (phone number and E-mail address) of the person providing oversight on each grant or contract.

Section 3. Institutional Capacity (not to exceed 5 pages)

This section should include the following:

1. Personnel Qualifications and Internal Structure
 - You must have, or exhibit the ability to obtain, personnel who are qualified to meet the goals of providing technical assistance under this grant. Provide resumes of personnel key to your organization's participation in the PRIME Program. The resumes should clearly present personnel's qualifications relative to this particular work. Special mention should be made of relevant experience. Personnel indicated must demonstrate knowledge of business development, business structures, business planning, marketing, business management, financial management, and training and counseling.
 - Provide an organizational chart **showing** all proposed full-time and part-time project staff and the amount of time each will devote to the project. The Project Director must be a full time employee of the organization; however, the Project Director does not have to be dedicated solely to this activity. The Project Director (and other federally funded staff positions) must not engage in fundraising activities using Federal funds provided under this grant.
 - A description of the role of subcontractors, subgrantees and/or outside consultants.
 - A description of at least one staff or consultant function to handle on-going program data collection and electronic reporting to SBA.
 - A description of whom will be responsible for financial record keeping on the receipt and expenditure of program funds.
2. Data Collection and Maintenance Capacity
 - Describe your organization's current data collection and management system. If applying as a group or collaborative, describe how data management systems will be integrated for an inter-organizational uniform approach to data gathering and reporting, as well as how these capabilities will or will not be integrated for training MDOs.
 - Provide your organization's computer capacities, if any, and the software used. Indicate whether or not your organization is connected to the Internet and, if not, delineate plans to become connected. The applicant should indicate its level of willingness/ capability to report data via the Internet as well as how funds received under this grant

may help the applicant accomplish its electronic management, communication, and reporting goals.

- Describe your organization's internal systems of checks and balances in terms of financial, data collection, and reporting systems. If applying as a group or collaborative, also describe the plan for inter-organizational checks and balances in terms of those systems. Also indicate which member of the group or collaborative will be responsible for coordination and submission of data and reports, and how the collaborative will ensure that this responsibility will be fully implemented.

Section 4. Program Narrative (not to exceed 15 pages)

In this section, each applicant must describe the following:

1. Its management plan to provide capacity building and training services to MDOs. This plan should include but not be limited to long and short term training, counseling and technical assistance.
2. Its outreach and delivery plan. The plan should include, but not necessarily be limited to:
 - a description of the types of client MDOs your organization plans to target including whether or not those client organizations serve very low-income populations
 - a demonstration of the need for the planned services in terms of both the anticipated client base and the end user of the client MDOs' services;
 - strategies to be used for reaching your scheduling and delivery goals;
 - methods by which your organization will incorporate outside resources into the plan; and,
 - a description of any planned or existing strategic alliances and partnerships with state and local entities (public or private) and how these alliances assist, or will assist, your organization in providing capacity building services to client MDOs.

Section 6. Timeline/Milestones (not to exceed 5 pages)

In this section the applicant must include a timeline with milestones covering the 12-month grant period. Milestones should clearly illustrate the applicant's goals for delivery of capacity building services in terms of the number and types of projected clients, projected activities, and projected use of funds.

Section 7. Supporting Documentation

In this section the applicant should provide any necessary documentation to support its proposal, including but not limited to the following documents:

1. A statement signed by your Executive Director (or an equivalent duly authorized person), authorizing SBA to make inquiries to other Federal Agencies as to the performance capabilities of your organization.
2. A copy of your organization's IRS tax exempt certificate, including the IRS code under which your organization is considered non-profit.
3. Certification by your Secretary of State that your organization is legally allowed to do business in the State and a copy of your organization's articles of incorporation and by-laws.
4. A copy of your organization's financial statements for the last 3 years. If your organization has not been in business for 3 years, submit the most recent full-year financial statements and a copy of your organizations Year-to-Date balance sheet.
5. A summary of the training and technical assistance provided to date (limit to 3 pages).
6. Résumés and reference information for personnel key to the delivery of technical assistance services to date.
7. An organizational chart, if you are applying as a group, or plan to use sub-contractors, include a second organizational chart that shows how the members of the group will interact and collaborate and/or how the sub-contractors will fit into the work flow plan.

B. Cost Proposal

The cost proposal must include the application cover sheet, budget information, assurances and certifications. Additional information on how to organize the proposal is provided on page 21, "Preparing Your Budget."

The applicant's Cost Proposal will be evaluated in terms of the quality and effectiveness of the proposed capacity building services and impact as identified in item 3 of the evaluation factors.

2. EVALUATION FACTORS

Technical Proposals for Capacity Building awards will be evaluated in terms of the following evaluation criteria. The maximum number of points available under each criterion will be as follows:

- (a) Institutional Capability (total of 70 points)
The following factors will be considered under this criteria:
 - (1) Organizational structure, financial stability, and financial management systems (30)
 - (2) Personnel (30)
 - (3) Electronic communication, Data collection, and reporting capability, or potential for same (10)

- (b) Past performance and history of providing capacity building services to Microenterprise Development Organizations (MDOs) (total of 40)
- (c) Management plan for proposed training and capacity building assistance, including outreach and delivery (total of 90 points)
 The following factors will be considered under this criteria:
 - (1) Proposed training and capacity building assistance to client MDOs and services to low- and very low-income microentrepreneurs (40)
 - (2) Service and delivery plan (30)
 - (3) Performance and outcome measurement tools (20)

The total number of points an organization may attain under this evaluation system is 200.

As indicated above, applications will be reviewed for technical merit using the evaluation factors listed. Included in the evaluation processes will be qualitative and quantitative analyses of:

- a. The applicant's organizational structure, financial stability, financial management systems, personnel capacity, and electronic communication capabilities (or potential for same). Additional evaluations will be made on the data collection capabilities, reporting capacities, and ability to account for performance.
- b. The applicant's history of providing capacity building services to MDOs, as an indication of the organization's understanding of the goals and purposes of capacity building, its historical effectiveness with the microenterprise development industry, and its ability to provide quality services to the targeted market. In addition, patterns of program growth, outcomes of training, types of services provided, delivery systems used, the number and types of clients served, and the successes realized within the client's organizational goals.
- c. The applicants projected impact on client MDOs, and on their ability to serve or improve services to low- and very low-income microentrepreneurs.
- d. The value of the proposed activity to the enhancement of the MDO community and the applicant's ability to attain the stated goals of the proposal. In addition, the transferability and replicability of the project will be considered.

IX. OPTION YEAR FUNDING

Applicants will prepare application cover sheets (SF Form 424) and budgets for each of the 5 budget periods consisting of 12 months each. Applicants are advised that the performance period for specific awards made under this announcement may consist of one base year with up to 4 twelve-month option years. The project periods may consist of up to 5 twelve-month budget periods. Each additional twelve-month budget period beyond the original base year may be exercised at the discretion of the Government. Among the factors involved in deciding whether to exercise an option are the availability

of fundssatisfactory performance of the applicant, and the determination that continued funding would be in the best interest of the Government.

After the initial grant, **funding** for **all** option years **must be no more than 67 percent of the initial grant amount.**

X. PREPARING YOUR BUDGET

INSTRUCTIONS FOR STANDARD FORM 424 (APPLICATION FOR FEDERAL ASSISTANCE)

Standard Form 424, Application of Federal Assistance, will be found beginning at page A-1 of this announcement. This guidance supplements that contained on the reverse side of the form.

- Item 1. Self-explanatory
- Item 2. Refer to instructions on reverse of form
- Item 3. Refer to instructions on reverse of form
- Item 4. Leave Blank
- Item 5. Refer to instructions on reverse of form
- Item 6. Refer to instructions on reverse of form
- Item 7. Refer to instructions on reverse of form
- Item 8. Enter: "new"
- Item 9. Enter: "U.S. Small Business Administration"
- Item 10. Enter: 59.049 Program for Investment for Microentrepreneurs (PRIME)
- Item 11. Refer to instructions on reverse of form
- Item 12. Refer to instructions on reverse of form
- Item 13. Refer to instructions on reverse of form
- Item 14. Refer to instructions on reverse of form
- Item 15. Refer to instructions on reverse of form
- Item 16. Enter: Check "b." This program is not covered by E.O. 12372.
- Item 17. Refer to instructions on reverse of form
- Item 18. Refer to instructions on reverse of form

INSTRUCTIONS FOR STANDARD FORM 424A (BUDGET INFORMATION)

Budget information is found on pages A-1 through A-11

The budget is the applicant's estimate of the total cost of performing the project or activity for which grant support is requested. The budget is to be based upon the cost of performing the project, including Federal and private sources. All proposed costs reflected in the budget must be necessary to the project, reasonable and otherwise allowable under applicable cost principles and Agency policies. All costs must be justified and itemized by unit cost on the Budget Worksheets (p. A-3).

Section A – Budget Summary

Column (A): Enter "PRIME 01-2"

Column (B): Enter the Catalog of Federal Domestic Assistance Number 59.049

Section B – Budget Categories

Amounts entered by budget category in this section are for summary purposes only. Itemization and justification of specific needs by budget category are to be shown under line 21, Section F.

Line 6.a. – 6.h

The budget amounts must reflect the total requirements for funds regardless of the source of funds. All amounts entered in this section are to be expressed in terms of whole dollars only after completing the requirements of Section F.

Line 6.j. Indirect costs are those costs related to the project that are not included as direct costs in a. through h.

Section C – Non-Federal Resources

Refer to instructions on reverse of form.

Section D – Forecasted Cash Needs

Refer to instructions on reverse of form.

Section E – Budget Estimates of Federal Funds Needed for Balance of the Project

Refer to instructions on reverse of form.

Section F – Other Budget Information

Line 21, Direct Charges: Identify and explain all items or categories under Section B in accordance with the instructions set forth below. The itemization must reflect the total requirements for funding from Federal and non-Federal sources. In most instances, Line 21 does not provide sufficient space to reflect all of the necessary information. Budget Worksheets are enclosed for your convenience. You may use these worksheets for the detailed budget information listed below or a reasonable facsimile; but each budget line item pertinent to your submission **MUST ALSO** be completed on the application. Please show a complete breakdown of all cost elements summarized in Section B on a separate sheet. Do not list on Line 21 any items included in the indirect expenses entered on Line 22 below.

- a. Personnel: List the name, title, salary and estimated amount of time for each employee who will be assigned to this project. Note that fees, expenses, and estimated amount of time for outside consultants should be included in f., Contractual. The estimated performance time for outside consultants is **not** to exceed 50 % of the total amount of the PRIME grant. Resumes of all personnel assigned to this effort must be included in the application.
- a. Fringe Benefits: Leave blank if fringe benefits applicable to direct salaries and wages are treated as part of indirect costs in the indirect cost rate negotiation agreement. If your organization does not have a federally negotiated fringe benefit package, list each component included as a fringe benefit.
- b. Travel: Reimbursement will be made based on incurred cost. Estimates should be based on knowledge of the geographical area of small business locations. Reimbursement to contractors or volunteers will not be made for time in travel to and from the client's location. Supporting data should include numbers of trips anticipated, costs per trip per person, destinations proposed, modes of transportation, and related subsistence expenses.

Line 22 Indirect Charges:

(Attach Budget Worksheets or reasonable facsimile if sufficient space is not provided.)

Enter the indirect cost rate, date, and agency that issued rate.

If an indirect cost rate is not established, itemize elements and costs of overhead and G&A (General and Administrative) expense categories relative to the performance of this project.

XI. ASSEMBLY AND MAILING INSTRUCTIONS

1. Please indicate the following information on the front of your return envelope:
 - a. Your organization's name and return address including zip code in the upper left-hand corner of the return envelope.
 - b. Place the following notation in the lower left-hand corner of the sealed envelope.

THIS IS A SEALED OFFER. DO NOT OPEN. STAMP THE DATE
AND TIME RECEIVED ON THE ENVELOPE. THIS PROPOSAL IS
IN RESPONSE TO PROGRAM ANNOUNCEMENT NUMBER,
PRIME-01-2 DUE June 28, 2000, AT 4:00 P.M., EASTERN
STANDARD TIME, AT THE U.S. SMALL BUSINESS
ADMINISTRATION, OFFICE OF PROCUREMENT & GRANTS
MANAGEMENT, 409 3RD STREET, SW, 5TH FLOOR, WASHINGTON,
DC 20416, ATTENTION: MINA BOOKHARD.

2. Application. Please submit an original and 2 copies of the pages described below in items a and b. They are part of the Announcement and should be completed and submitted with an original and 2 copies of your proposal:
 - a. The Federal Assistance Application (Standard Form 424), including the cost and technical proposals, and related budgetary data.
 - b. Appendix B, Assurances and Certifications (with appropriate signature).
3. To facilitate review and processing of the proposals, your submission must be arranged, as follows, in two separately bound parts:
 - a. Part I: COST PROPOSAL – This part is to be comprised of the Application, the Budget Information, and the Assurances and Certifications. The material identified as Part I must be bound separately from the Technical Proposal. DO NOT include any technical information in Part I, The Cost Proposal.
 - b. Part II: TECHNICAL PROPOSAL – This part is comprised of the Program Narrative. The proposal should be completed with a table of contents and must be responsive to the evaluation criteria set forth on pages 20-21. The Technical Proposal must be bound separately from Section I and must not exceed 45 pages. DO NOT include any cost information in Part II, The Technical Proposal.

4. Your application should be submitted in original and 2 copies to:

U.S. Small Business Administration
Office of Procurement and Grants Management
409 Third Street, SW, 5th Floor
Washington, DC 20416
ATTN: Mina Bookhard

**XII. LATE SUBMISSION, MODIFICATION, REVISION AND WITHDRAWAL
of PROPOSALS**

1. Applicants are responsible for submitting proposals and any modifications or revisions so as to reach the Office of Procurement and Grants Management by 4:00PM on June 28, 2001. Any proposals, modifications, or revisions received at the Office of Procurement and Grants Management after 4:00PM on June 28, 2001 will be “late” and will not be considered unless it is received before an award is made, the Grants Management Officer determines that accepting the late proposal would not unduly delay the making of grants; AND:
 - a. There is acceptable evidence to establish that it was received at the Office of Procurement and Grants Management and was under that office’s control prior to 4:00PM, June 28, 2001; or
 - b. It is the only proposal received.
 - c. However, a late modification of an otherwise successful proposal that makes its terms more favorable to the Government, will be considered at any time it is received and may be accepted.
 - d. Acceptable evidence to establish the time of receipt at the Office of Procurement and Grants Management includes the time/date stamp of that installation on the proposal wrapper, other documentary evidence of receipt as may be maintained, or oral testimony or statements of Government personnel.
 - e. If an emergency or unanticipated event interrupts normal Government processes so that proposals cannot be received at the Office of Procurement and Grants Management by the exact time specified in this proposal, and urgent Government requirements preclude amendment of the solicitation, the time specified for receipt of proposals will be deemed to be extended to the same time of day on the first work day on which normal Government processes resume.
 - f. Proposals may be withdrawn by written notice received at any time before the award. Proposals may be withdrawn in person by an applicant or an authorized representative, if the identity of the person requesting withdrawal is established and the person signs a receipt for the proposal before award.
2. Applicants shall submit proposals in response to this Program Announcement in English and in U.S. dollars.
3. Applicants may submit modifications to their proposals at any time before 4:00PM, June 28, 2001 and may submit modifications in response to an amendment, or to correct a mistake at any time before award.

4. Applicants may submit revised proposals only if allowed by the Contracting Officer.
5. Proposals may be withdrawn at any time before award. Withdrawals are effective upon receipt of notice by the Contracting Officer.

XIII. UNSUCCESSFUL APPLICANTS

After a decision has been reached and if your proposal is not successful, you will receive written notification. This written notice will be SBA's final response to this program announcement. SBA will not provide debriefing sessions if your proposal was not successful.

XIV. CANCELLATION

SBA reserves the right to cancel this announcement in whole or in part at the Agency's discretion.

XV. GLOSSARY OF TERMS

- ADMINISTRATION: Means the U.S. Small Business Administration (SBA);
- ADMINISTRATOR: Means the Administrator of the Small Business Administration;
- CAPACITY BUILDING SERVICES: means services provided to an organization or program that is, or is developing as, a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs;
- COLLABORATIVE: means two or more nonprofit entities that agree to act jointly as a qualified organization under this part;
- DISADVANTAGED ENTREPRENEUR, or DISADVANTAGED MICROENTREPRENEUR: means the owner, majority owner, or developer of a microenterprise who is also-
 1. a low-income person
 2. a very low-income person; or
 3. an entrepreneur who lacks adequate access to capital or other resources essential for business success, or, is economically disadvantaged as determined by the Administrator.
- GRANTEE: means a recipient of a grant under the Act.
- GROUP: has the same meaning as "collaborative" defined above.
- INDIAN TRIBE: means any Indian tribe, band, pueblo, nation, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services the United States provides to Indians because of their status as Indians.
- INDIAN TRIBE JURISDICTION: means Indian country, as defined in 18 U.S.C. § 1151, and any other lands, title to which is either held by the United States in trust for the benefit of

any Indian tribe or individual or held by any tribe or individual subject to a restriction by the United States against alienation, and any land held by Alaska Native groups, regional corporations, and village corporations, as defined in or established under the Alaska Native Claims Settlement Act, public domain Indian allotments, and former Indian reservations in the State of Oklahoma.

- **INTERMEDIARY**: means a private, nonprofit entity that seeks to serve qualified microenterprise development organizations and programs;
- **LARGE MICROENTERPRISE DEVELOPMENT ORGANIZATION OR PROGRAM**: means a microenterprise development organization or program with 10 or more full time employees or equivalents, including its executive director, as of the date it files its application with SBA for a PRIME grant.
- **LOCAL COMMUNITY**: means an identifiable area and population constituting a political subdivision of a state.
- **LOW-INCOME PERSON**: means a person having an income, adjusted for family size, of not more than—
 - 1) for metropolitan areas, the greater of 80 percent of the median income; and
 - 2) for non-metropolitan areas, the greater of—
 - a) 80 percent of the area median income; or
 - b) 80 percent of the statewide non-metropolitan area median income;
- **MICROENTREPRENEUR**: means the owner or developer of a microenterprise;
- **MICROENTERPRISE**: means a sole proprietorship, partnership, limited liability corporation or corporation that has fewer than 5 employees, including the owner, and generally lacks access to conventional loans, equity, or other banking services.
- **MICROENTERPRISE DEVELOPMENT ORGANIZATION OR PROGRAM**: means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs.
- **QUALIFIED ORGANIZATION**: means an organization eligible for a PRIME grant that is –
 1. a microenterprise development organization or program as defined above (or a group or collaborative thereof) that has demonstrated a record of delivering microenterprise services to disadvantaged microentrepreneurs;
 2. an intermediary, as defined above;
 3. a microenterprise development organization or program as defined above that is accountable to a local community, working with a State or local government or Indian tribe; or
 4. an Indian tribe acting on its own, if the Indian tribe can certify that no private organization referred to in this definition exists within its jurisdiction.
- **SEVERE CONSTRAINTS ON AVAILABLE SOURCES OF MATCHING FUNDS**: means the documented inability of a qualified organization applying for a PRIME grant to raise matching funds or in-kind resources from non-Federal sources during the 2 years immediately prior to the date of its application because of a lack of or increased scarcity of monetary or in-kind resources from potential non-Federal sources.
- **SMALL MICROENTERPRISE DEVELOPMENT ORGANIZATION OR PROGRAM**: means a microenterprise development organization or program with less than 10 full time employees or equivalents, including its executive director, as of the date it files its application with SBA for a PRIME grant.

- **TRAINING AND TECHNICAL ASSISTANCE**: means services and support provided to disadvantaged entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services.
- **VERY LOW-INCOME PERSON**: means having an income adjusted for family size of not more than 150 percent of the poverty line (as defined in § 673(2) of the Community Services Block Grant Act (42 U.S.C. § 9902(2), including any revision required by that section).

XVI. PAPERWORK REDUCTION ACT (44 U.S.C. Ch. 35)

The information being requested in this Program Announcement is needed to evaluate applicants and ensure that awards are made in furtherance of the PRIME program's objectives. The information will be used to grant awards to provide training and technical assistance to disadvantaged microentrepreneurs. Applicants' responses to the data collection requirements are necessary for them to receive a benefit under the PRIME Program. The information provided by applicants will be kept confidential to the extent required by law. Applicants are not required to respond to the Program Announcement unless it displays a currently valid OMB number. SBA estimates it will take applicants 80 hours to respond.

XVII. PRIVACY ACT (5 U.S.C. §552A)

Any person can request to see or get copies of any personal information that SBA has in the requestor's file, when that file is retrieved by individual identifiers, such as name or social security number. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act ("FOIA").

Note: Any person concerned with the collection, use and disclosure of information, under the Privacy Act may contact the Chief, Freedom of Information/Privacy Act Office, U.S. Small Business Administration, Suite 5900, 409 Third Street, SW, Washington, DC 20416, for information about the Agency's procedures relating to the Privacy Act and FOIA.